

Money Matters : Review of Reserves

Cabinet Member for Finance and Commissioning

Date: 6 September 2022
Agenda Item: 4
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Key Decision? YES
Local Ward Members Full Council

Lichfield
district council

Cabinet

1. Executive Summary

- 1.1. Local Authorities can establish reserves to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, to cushion the impact of unexpected events or emergencies and earmarked reserves to meet known or predicted events.
- 1.2. In addition, capital reserves are retained in relation to Capital receipts (these resources result from the sale of assets) and Capital grants and contributions (these resources relate to Capital Grants, Community Infrastructure Levy, Special Areas of Conservation and Section 106).
- 1.3. The level of reserves has increased across local government since 2013/14 due to the localisation of Council Tax Support and the local retention of Business Rates. The levels have further increased since 2020/21 due to COVID grants.
- 1.4. The various comparisons available show that the Council's reserves were in a healthy position relative to all District Councils and this provides an element of resilience for financial 'shocks' such as the COVID-19 pandemic.
- 1.5. However, it is important to note that whilst the short term picture based on the increases in reserves may appear to suggest that generally local government finances are sustainable, there remains concern about the medium-term to long-term outlook which remains unsettled and uncertain.
- 1.6. The Capital Strategy risk assessment identified a significant risk that the Capital Programme did not include investment to realise all of the Council's strategic aims and this was reiterated in the Corporate Peer Challenge.
- 1.7. This report reviews reserves with the aim of repurposing reserves to provide funding for strategic priorities.

2. Recommendations

- 2.1. That Cabinet recommends to Council to:
 - Repurpose earmarked reserves and agree changes to the Capital Programme detailed at para 3.29 to release reserves that will result in the strategic priorities reserve balance of **(£5,169,000)**.
 - Dispose of Venture House and include a budgeted capital receipt of **(£650,000)** in the Medium Term Financial Strategy to fund strategic priorities (a receipt greater than this level will increase the level of the strategic priorities reserve).
 - Approve the inclusion of a project with a budget of **£2,000,000** in the Capital Programme (initially equally spread between 2022/23 and 2023/24) for BRS enabling works funded from this capital receipt and the strategic priorities reserve.
- 2.2. That Cabinet notes that following these changes, there will be **(£3,819,000)** available in the strategic priorities earmarked reserve to fund other strategic priorities.

3. Background

Introduction

3.1. Local Authorities can establish reserves for two main purposes:

- **A working balance** to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing plus a **contingency** to cushion the impact of unexpected events or emergencies – these form part of the general reserves and the approved minimum level is **£1,600,000**.
- A series of **earmarked reserves** to meet known or predicted events.

3.2. The earmarked reserves at the Council are further categorised into two different types:

- **Restricted** – these are held on behalf of third parties and are established as part of a legal, partnership or contractual agreements. In addition, this has included COVID grants received.
- **Unrestricted** – these include sums for specific projects, revenue grants and sinking funds.

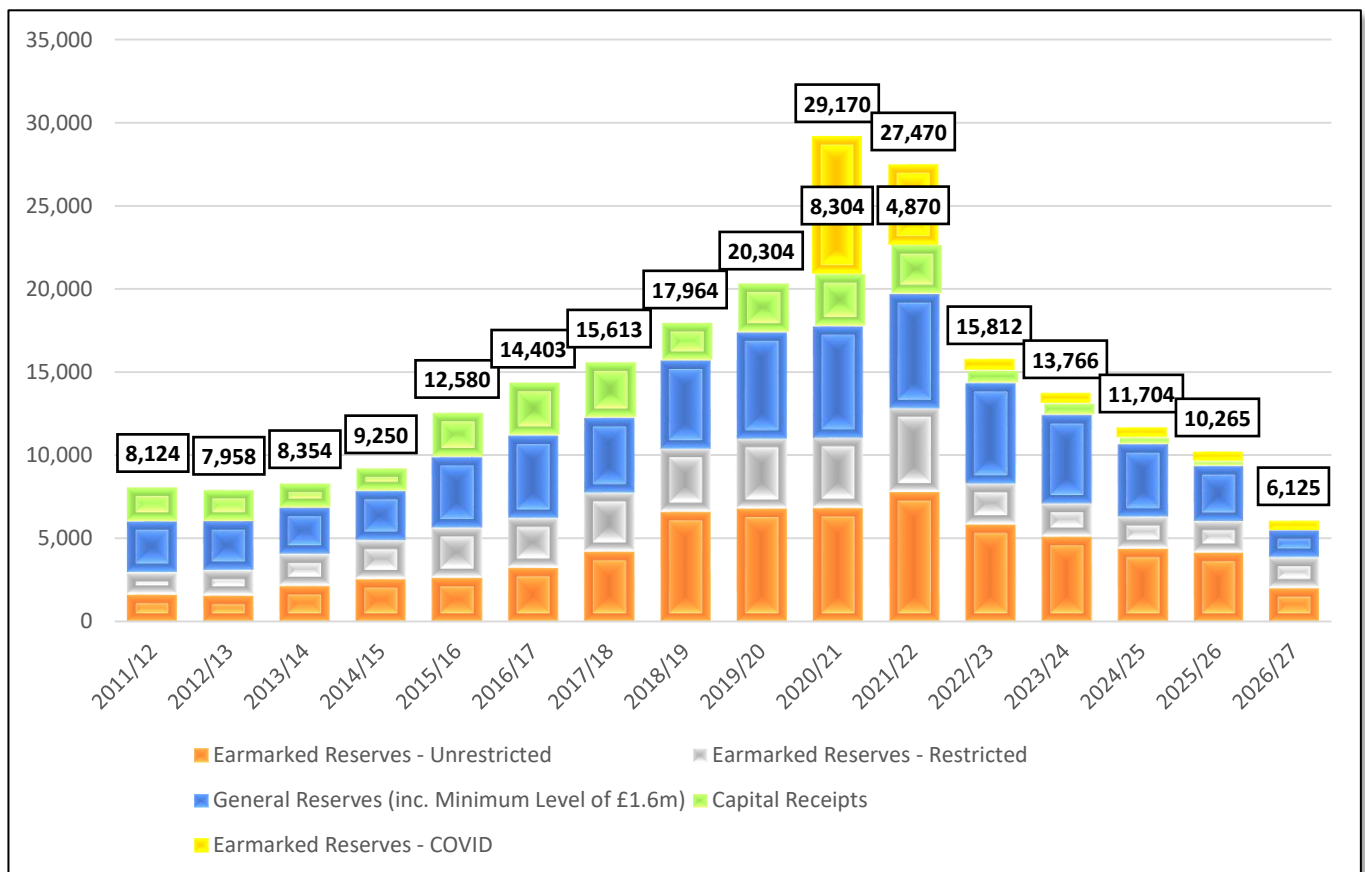
3.3. The Council retains capital reserves in relation to:

- **Capital receipts** – related to the sale of assets.
- **Capital grants and contributions** – related to Capital Grants, Community Infrastructure Levy, Special Areas of Conservation and Section 106.

The Approach and level of Reserves at the Council

3.4. The Council manages earmarked reserves using a policy based approach summarised at **APPENDIX A** that was last reviewed and approved by Leadership Team in July 2021.

3.5. The level of usable reserves is shown in detail at **APPENDIX B** with the element related to earmarked reserves, general reserves and capital receipts shown below:



3.6. In terms of reserve trends across local government, it is important to note:

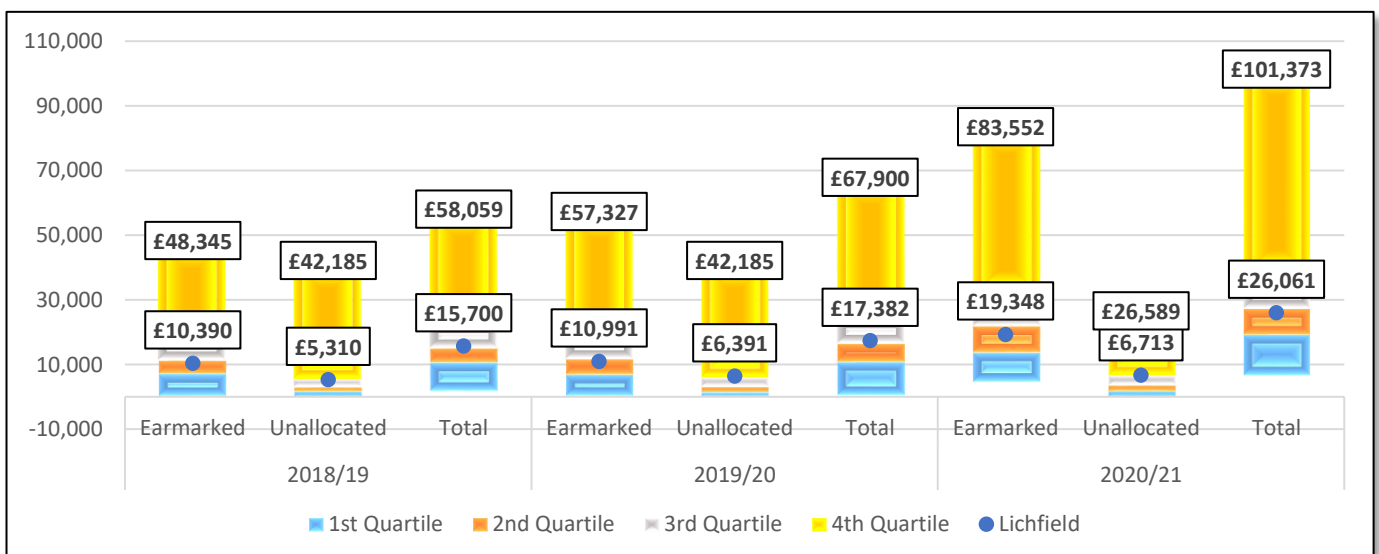
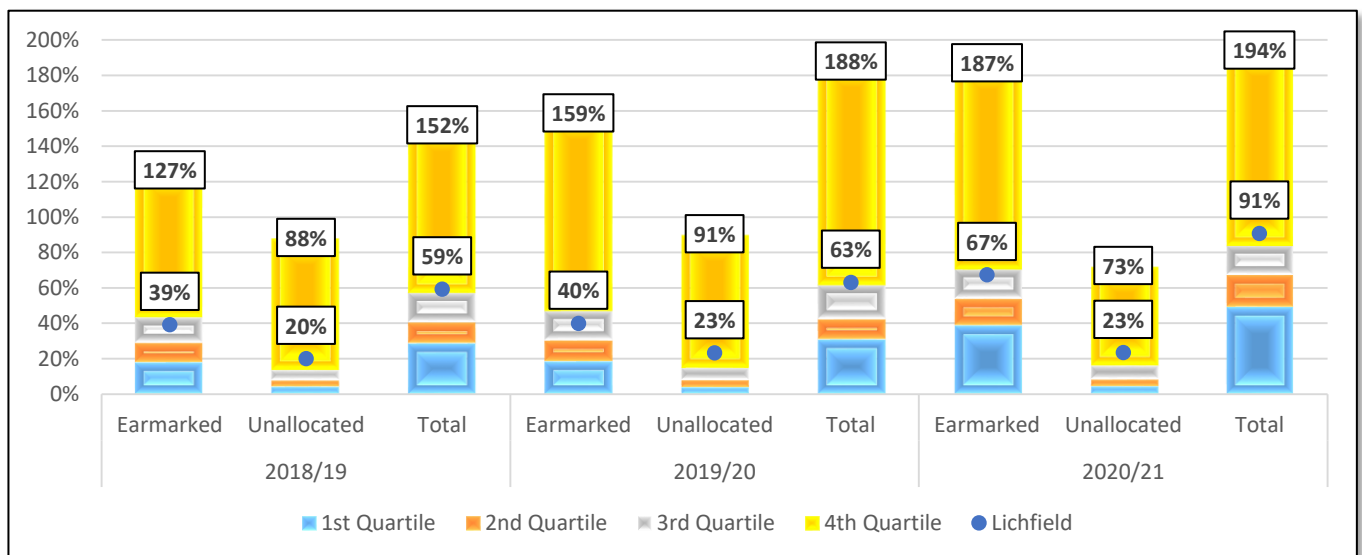
- From 2013/14 there was an upward trend to reflect the additional risks related to the localisation of Local Council Tax Support and the introduction of the Retained Business Rates regime.
- From 2020/21 there was a significant increase in earmarked reserves to reflect COVID grants received to offset expenditure pressures and income reductions such as business rate reliefs.
- Reserve levels are projected to reduce significantly over the next two years as the COVID grants are used to offset Collection Fund deficits for Council Tax and Business Rates.

Reserve Level Comparisons

3.7. There are a number of sources of information that can be utilised to provide an indication of how the Council's earmarked and general reserves compare to other District Councils and Nearest Neighbours:

- A comparison showing earmarked and general reserves as a percentage of net expenditure and in absolute terms utilising the Government's Revenue Outturn (RO) forms for all District Councils.
- The CIPFA resilience index measures compared to all District Councils and Nearest Neighbours.
- The External Auditor's Annual Audit Report.

3.8. The level of General (unallocated) and Earmarked Reserves in relative terms and as a percentage of Revenue Expenditure (as defined in the Revenue Outturn Form) included in the Money Matters Report to Cabinet on 7 December 2021, is shown for the three most recent years in the charts below:



- 3.9. CIPFA's Financial Resilience Index is a comparative analytical tool that may be used by Chief Financial Officers to support good financial management and provide a common understanding within a Council of their financial position.
- 3.10. The Index shows a Council's position on a range of measures associated with financial risk. The index is designed to support and improve discussions surrounding local authority financial resilience by showing a council's performance against a range of measures associated with financial risk.
- 3.11. There are eight indicators of financial stress for District Councils with three specifically related to general and earmarked reserves. The three reserve indicators are explained below:

Indicators	Explanation of the Indicator	What does each Indicator show
Reserves sustainability measure	How long an authority's reserves will last if they continue drawing them down at the same rate	This measure shows the ratio of the current level of reserves and the average change in reserves in the past three years. The longer an authority's reserves will last, the less risk – reductions may also be due to planned reductions such as use to fund capital expenditure
Level of reserves	Earmarked and unallocated general reserves	Lower levels of reserves imply higher risk
Change in reserves	Percentage change in reserves over the past three years	Negative changes imply higher risk – reductions may also be due to planned reductions such as use to fund capital expenditure

- 3.12. The results of the last three CIPFA Resilience Index statistical releases reported to Audit and Member Standards Committee on 21 July 2022 are shown in the table below:

Indicators of Financial Stress	Nearest Neighbours			District Councils		
	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
Reserves sustainability measure	Medium Risk	Medium Risk	Medium Risk	Lower Risk	Lower Risk	Medium Risk
Level of reserves	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Medium Risk
Change in reserves	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk

- 3.13. The External Auditor, through their Annual Audit Report 2020/21 presented to Audit and Member Standards Committee on 22 April 2022, also commented on the level of reserves:

- “The Council has a strong balance sheet and robust usable reserves of **£32.7m** as at 31 March 2021.
- A council is to be deemed at risk if usable reserves dip below **5%** of its net cost of services. Lichfield is not currently close to this level.
- When compared to comparator District/Borough Councils within Staffordshire, in terms of usable reserves as a % of Net Cost of Services, Lichfield ranked third out of seven, with a level of **228%** against an average for the region of **230%**. On a national scale, out of 163 comparator organisations for whom information was available, Lichfield ranked 87 at **228%** against an average at national level of **392%**.
- CIPFA's Financial Resilience Index for the 2020/21 financial year gives a similarly positive message, with the authority rated as medium or lower risk on the majority of financial stress indicators.
- Our view is the Council has a robust level of reserves which are not anticipated to be depleted over the course of the MTFS. Furthermore, CIPFA shows an overall upwards trend on level of reserves, which is set to continue in 21/22, reflective of the Council's overall prudent reserves policy.”

- 3.14. All of these comparisons show that the Council's reserves were in a healthy position relative to all District Councils and this provides an element of resilience for financial 'shocks' such as the COVID-19 pandemic.

- 3.15. However, it is important to note that whilst the short term picture based on the increases in reserves may appear to suggest that generally local government finances are sustainable, there remains concern about the medium-term to long-term outlook which remains unsettled and uncertain.

The Capital Strategy, Earmarked Reserves and Moving Forward

- 3.16. The Capital Strategy approved by Council on 22 February 2022 included a risk assessment by the Chief Finance Officer.
- 3.17. This risk assessment identified a significant risk that the Capital Programme did not include investment to realise all of the Council's Strategic aims including the provision of a new Leisure Centre in Lichfield City and planned redevelopment of the Birmingham Road Site.
- 3.18. The LGA Corporate Peer Challenge commented on investment moving forward including the use of reserves as part of its investment strategy:
- “LDC should also have the confidence to use its finances to support the delivery of its priorities. In order to deliver the organisation’s priorities, resourcing of these is absolutely essential and the peer team recommend that the council give some further consideration of how to effectively do this. For example, LDC has developed reserves through the effective management of its budget and as it now embarks on a significant transformation programme designed to deliver long term savings, the council may need to draw on those reserves to implement this strategy. The council may also want to consider the use of reserves in supporting organisational development within the transformation programme and also how deploying the reserves might play a part in LDC’s wider investment strategy.”
- 3.19. The release of an element of reserves is one option to fund capital investment. However in the current economic climate, there is a balance that will need to be maintained between ensuring financial resilience and the level of reserves released.
- 3.20. Therefore the outcomes from any review of reserves must be:
- The Council must remain financially resilient and continue to provide essential services in a sustainable way. Therefore only earmarked reserves will be considered for release with general reserves being used to balance the budget to provide resilience.
 - The release of reserves will be focussed on only providing funding for strategic priorities.
 - The cost of financing capital investment and therefore the impact on the revenue budget will be minimised given other inflationary budget pressures such as pay awards.
 - To be cognisant of the level of reserves held at other District and Nearest Neighbour Councils whilst taking into account the specific financial risks at this Council.
 - To consider redirecting reserve funding for approved capital investment potentially to those projects that have become a higher strategic priority.
- 3.21. A series of options will now be considered focussed on achieving these outcomes through releasing reserves to support investment in strategic priorities.
- 3.22. The Balance Sheet prepared as part of the Statement of Accounts, and subject to external audit, will be used as the starting point for the review with usable reserves at 1 April 2022 being **£31,527,000**.

The Options Considered

3.23. Investments at 1 April 2022 were **£49.140m** consisting working capital (legally due to be paid to other organisations such as Council Tax and Business Rates) of **£17.613m** and usable reserves of **£31.527m**.

3.24. The first stage of the review is to remove from the scope any reserves that have limitations over their use:

	Actual £000s
Total Usable Reserves at 1 April 2022	(31,527)
Less: Earmarked Reserves - Restricted to COVID-19	4,870
Less: Earmarked Reserves - Restricted to Contractual, Legal & Partnership purposes	5,044
Less: General Reserves - Minimum Level	1,600
Less: Capital Grants Unapplied	4,057
Sub Total - Out of Scope	15,571
Usable Reserves in Scope	(15,957)

3.25. The second stage of the review is to understand how the reserves in scope are projected to change over the next five years and this is shown in detail at **APPENDIX C** and in summary below:

	General Reserves - Available £000s	Earmarked Reserves £000s	Capital Receipts Reserve £000s	Total £000s
Opening Balance - In Scope	(5,246)	(7,783)	(2,928)	(15,957)
Funding the Capital Programme	1,261	2,077	2,607	5,945
Housing RTB receipts Full Council approval for Housing Strategy			469	469
Transfers to or (from) the Revenue Budget		362		362
Set aside to manage specific financial risks		3,288		3,288
Maintaining a Balanced Revenue Budget	4,513			4,513
New Homes Bonus in excess of the capped level	(280)			(280)
Council Tax and Business Rates surplus Money Matters 2022/23	(292)			(292)
New Capital Receipts			(148)	(148)
Closing Balance - In Scope	(44)	(2,056)	0	(2,100)

3.26. The Capital Programme and its funding from unrestricted earmarked reserves and capital receipts is shown at **APPENDIX D**.

3.27. This stage of the review has identified **£2,100,000** (including **£1,320,000** of the strategic priorities reserve) that can be used to fund strategic priorities.

3.28. The final stage of the review is to identify any approved reserves funding that can be repurposed to fund strategic priorities and this is shown in detail at **APPENDIX E**.

3.29. This stage of the review has identified a range of reserve funding that could be repurposed of between **(£2,684,000)** and **(£6,781,000)** based on different levels of operational risk.

3.30. The recommended level, excluding those assessed to have a high operational risk, is **(£5,169,000)**:

- The release of uncommitted earmarked reserves of **(£2,100,000)**.
- Capital Programme – release the equipment storage budget of **(£111,000)**.
- Capital Programme – reduce the coach park budget to £350,000 a saving of **(£273,000)**.
- Capital Programme – reduce the loan to the Company to £150,000 a saving of **(£525,000)**.
- Revenue Budget – release unallocated and uncommitted Risk and Recovery Funding of **(£709,000)**.
- Revenue Budget – release uncommitted element of strategic budget of £1,200,000 a saving of **(£500,000)**.
- The release other earmarked reserves of **(£951,000)**.

3.31. It is also recommended that:

- The sale of Venture House is approved with a capital receipt budget of **(£650,000)** being included in the Medium Term Financial Strategy.
- A capital project of **£2,000,000** is included in the Capital Programme to support enabling works on the Birmingham Road Site.

Alternative Options	The level of reserves could remain at the current level.																				
Consultation	There will be consultation with the Overview and Scrutiny Committee as part of the development of the updated Medium Term Financial Strategy.																				
Financial Implications	<p>The strategic priorities earmarked reserve projection is shown below:</p> <table border="1"> <thead> <tr> <th></th> <th>£000s</th> </tr> </thead> <tbody> <tr> <td>-</td> <td></td> </tr> <tr> <td>Strategic Priorities Earmarked Reserve Balance</td> <td>(1,320)</td> </tr> <tr> <td>In Scope and Starting Point</td> <td>(780)</td> </tr> <tr> <td>Sub Total</td> <td>(2,100)</td> </tr> <tr> <td>Options total</td> <td>(3,069)</td> </tr> <tr> <td>Total from Reserves Review</td> <td>(5,169)</td> </tr> <tr> <td>Less: BRS Enabling Works</td> <td>2,000</td> </tr> <tr> <td>Sale of Venture House</td> <td>(650)</td> </tr> <tr> <td>Strategic Priorities Earmarked Reserve Balance</td> <td>(3,819)</td> </tr> </tbody> </table> <p>The potential sale of further assets would increase the level of the capital receipts reserve that could be used to fund additional capital investment, reduce planned borrowing or to reduce the use of earmarked reserves thereby increasing the level of usable reserves.</p>		£000s	-		Strategic Priorities Earmarked Reserve Balance	(1,320)	In Scope and Starting Point	(780)	Sub Total	(2,100)	Options total	(3,069)	Total from Reserves Review	(5,169)	Less: BRS Enabling Works	2,000	Sale of Venture House	(650)	Strategic Priorities Earmarked Reserve Balance	(3,819)
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Strategic Priorities Earmarked Reserve Balance	(3,819)																				
Approved by Section 151 Officer	Yes																				
Legal Implications	<p>No specific legal implications The Council has a statutory duty to set a balanced budget.</p> <p>The recommended Medium Term Financial Strategy, is part of the Budget Framework and will therefore require the approval of Full Council.</p>																				
Approved by Monitoring Officer	Yes																				
Contribution to the Delivery of the Strategic Plan	The report directly links to overall performance and especially the delivery of the Strategic Plan.																				
Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.																				
Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.																				
Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.																				

**GDPR / Privacy
Impact Assessment**

There are no specific implications related to the Medium Term Financial Strategy.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of Finance				
A	Council Tax is not set by the Statutory Date of 11 March 2023	Likelihood : Green Impact : Red Severity of Risk : Yellow	Full Council sets with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	Likelihood : Yellow Impact : Red Severity of Risk : Red	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	Likelihood : Red Impact : Red Severity of Risk : Red	The Council responded to the recent consultation. Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2022/23 £400,000 is included with the balance transferred to general reserves. At this stage, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow
D	The increased Localisation of Business Rates and the Review of Needs and Resources	Likelihood : Red Impact : Red Severity of Risk : Red	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Likelihood : Red Impact : Red Severity of Risk : Red
E	The affordability and risk associated with the Capital Strategy	Likelihood : Yellow Impact : Red Severity of Risk : Red	An estates management team has been recruited to provide professional expertise and advice in relation to property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
F	Sustained higher levels of inflation in the economy	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow	To maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections and where possible ensure income increases are maximised to mitigate any additional cost.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
Strategic Risk SR3: Capacity and capability to deliver / strategic plan to the emerging landscape				
G	The Council cannot achieve its approved Delivery Plan for 2022/23	Likelihood : Yellow Impact : Red Severity of Risk : Red	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
H	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	Likelihood : Yellow Impact : Red Severity of Risk : Red	The MTFs will be updated through the normal review and approval process/	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	Government and Regulatory Bodies introduce significant changes to the operating environment	Likelihood : Red Impact : Red Severity of Risk : Red	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

Background documents

- Medium Term Financial Strategy (Revenue and Capital) 2021-2026 (MTFS) – Cabinet 8 February 2022
- Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 June 2022
- Medium Term Financial Strategy (MTFS) – Cabinet 11 July 2022
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 September 2022

Relevant web links

Earmarked Reserves Policy

July 2021

The policy is based around:

- A continued distinction between those earmarked reserves required by legal or partnership agreements (restricted) and all other earmarked reserves (unrestricted).
- A continued recognition of the Council's governance process (or as a result of a legal or partnership agreement) for establishing and managing earmarked reserves.
- The establishment of a minimum threshold for unrestricted earmarked reserves. Any sums below the threshold will be transferred to general reserves.
- A carry forward category will be created where there is a one year timing difference between budget and spend.
- The request process for new unrestricted earmarked reserves or transfers to existing earmarked reserves in excess of the minimum threshold will continue and Leadership Team will continue to approve these requests.
- As part of the decision making process, Leadership Team will consider the overall level of earmarked reserves in light of wider trends including their level relative to other District Councils using advisory ceilings. The establishment of an advisory unrestricted earmarked reserves ceiling based on a percentage of the Original Managed Budget would help in assessing whether earmarked reserves are excessive in terms of relative economic activity.
- The establishment of a time limit on spend for an earmarked reserve. Any unrestricted earmarked reserves or carry forwards not spent within the approved time frame will be transferred to general reserves.

Guidance Criteria	Agreed Guidance
Use (Drawdown) of Earmarked Reserves	Earmarked Reserves will be drawn down by the Business Advisor following the approval of the Budget Holder and up to the maximum value of the Reserve. As part of the draw down process consideration will also be given to the financial performance of both the Service Area and the Council overall.
Unrestricted earmarked reserves minimum threshold	A threshold for new reserves of £75,000 . Below the threshold, the sum will be transferred to general reserves and managed through normal budget monitoring in the following financial year. Above the threshold, requires Leadership Team Approval The threshold amount is only relevant at the point of creating the unrestricted earmarked reserve. An existing unrestricted earmarked can be held at less than the threshold value given the time limit on spend.
Approval of one year carry forwards	A one year carry forward of any level can only be established with the agreement of a Business Advisor.
Unrestricted earmarked reserves advisory ceiling	There is an advisory ceiling based on 10% of a Service Area's Original Managed Budget. The advisory levels for 2022/23 total £3,420,000 . These will be updated each year in line with the approval of the Original Budget. Unrestricted earmarked reserves will only be able to be maintained above this level in exceptional circumstances.
Unrestricted earmarked reserves time limit on spend	There is a maximum 3 year time limit for spend following the year of approval unless a Cabinet approval has been obtained. Any unrestricted earmarked reserve that has not been spent in this time limit will automatically be returned to general reserves unless a business case to continue is agreed by Leadership Team.

The Trend of Usable Reserves

	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Earmarked Reserves - Unrestricted	1,663	1,608	2,194	2,593	2,675	3,260	4,227	6,592	6,794	6,840	7,783
Earmarked Reserves - Restricted	1,319	1,515	1,887	2,306	2,982	2,982	3,534	3,798	4,197	4,204	5,044
Earmarked Reserves - COVID	0	0	0	0	0	0	0	0	0	8,304	4,870
General Reserves (including Minimum Level of £1.6m)	3,076	2,953	2,810	2,998	4,279	4,971	4,521	5,310	6,392	6,714	6,846
Earmarked & General Reserves	6,058	6,076	6,891	7,897	9,936	11,213	12,282	15,700	17,383	26,063	24,542
Capital Receipts	2,066	1,882	1,463	1,353	2,644	3,190	3,331	2,264	2,921	3,107	2,928
Earmarked Reserves, General Reserves & Capital Receipts	8,124	7,958	8,354	9,250	12,580	14,403	15,613	17,964	20,304	29,170	27,470
Capital Grants Unapplied	1,269	1,248	1,328	1,733	1,244	1,460	1,642	2,194	2,938	3,618	4,057
Total Usable Reserves	9,393	9,206	9,682	10,983	13,824	15,863	17,255	20,158	23,242	32,788	31,527

Usable Reserve Projections

	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Earmarked Reserves - Unrestricted	5,850	5,110	4,404	4,177	2,056
Earmarked Reserves - Restricted	2,442	1,995	1,904	1,867	1,826
Earmarked Reserves - COVID	693	647	611	599	599
General Reserves (including Minimum Level of £1.6m)	6,076	5,349	4,385	3,345	1,644
Earmarked & General Reserves	15,060	13,101	11,303	9,988	6,125
Capital Receipts	752	665	401	277	0
Earmarked Reserves, General Reserves & Capital Receipts	15,812	13,766	11,704	10,265	6,125
Capital Grants Unapplied	4,057	4,057	4,057	4,057	4,057
Total Usable Reserves	19,869	17,823	15,761	14,322	10,182

APPENDIX C

	Actual 01/04/2022 £000s	Capital Programme £000s	Housing RTB Receipts £000s	Revenue Budget £000s	Finance Risks £000s	Balanced Budget £000s	New Homes Bonus £000s	Collection Surplus £000s	Capital Receipts £000s	Projected 31/03/2027 £000s
Digitisation Programme	(60)	0		0						(60)
Lichfield City Master Plan	(212)	0		211						(1)
Property Maintenance Sink Fund	(2)	0		2						0
Community Lottery Sink Fund	(2)	0		2						0
Party Wall Lichfield City Council	(40)	0		40						0
University Car Park Sinking Fund	(60)	0		60						0
Trunk Road Sweeping	(49)	0		49						0
Single Customer Account	(73)	0		0						(73)
Leisure VAT Reclaim	(63)	0		0						(63)
Strategic Priorities	(590)	63		(793)						(1,320)
Terms and Conditions Review	(40)	0		40						0
Birmingham Road Site	(73)	0		73						0
Back scanning of Planning Apps	(40)	0		40						0
Improvement Programme	(5)	0		0						(5)
Conservation Policy	(9)	0		9						0
Local Plan Allocations Examination & Review	(240)	0		238						(2)
Ecology Land Search Brief	(13)	0		13						0
Events Budget	(18)	0		0						(18)
Leisure & Parks Restructure	(49)	0		0						(49)
Revenues & Benefits Service Improvement	(74)	0		58						(16)
IDOX Staffing Cost Support	(38)	0		38						0
ICT Additional Staffing	(25)	0		25						0
Lambert Smith Hampton - planning consultant	(12)	0		12						0
Housing Register	(64)	0		64						0
Environmental Health additional staffing	(145)	0		83						(62)
Sub Total - Revenue	(1,996)	63	0	264	0	0	0	0	0	(1,669)
General Fund Balance - available	(5,246)	1,261				4,513	(280)	(292)		(44)
Sub Total - General Reserves	(5,246)	1,261	0	0	0	4,513	(280)	(292)	0	(44)
Zurich Insurance	(29)	0		0	29					0
Lichfield District Council Elections	(205)	0		(144)	349					0

APPENDIX C

	Actual 01/04/2022 £000s	Capital Programme £000s	Housing RTB Receipts £000s	Revenue Budget £000s	Finance Risks £000s	Balanced Budget £000s	New Homes Bonus £000s	Collection Surplus £000s	Capital Receipts £000s	Projected 31/03/2027 £000s
Judicial Review/Planning Appeals	(201)	0		0	201					0
Community Infrastructure Levy Volatility	(108)	0		0	108					0
Business Rates Volatility Reserve	(1,745)	0		0	1,745					0
Strategic Investments Volatility	(329)	0		(145)	474					0
Dry Recycling Contract - LDC Share	(104)	0		0	104					0
Freedom Pensions Guarantee	(114)	0		(135)	249					0
Homeless & Repossession Prevention Fund	(29)	0		0	29					0
Sub Total - Risks	(2,864)	0	0	(424)	3,288	0	0	0	0	0
Sub Total - In Scope	(15,957)	5,945	469	362	3,288	4,513	(280)	(292)	(148)	(2,100)

Approved Capital Programme funded by Reserves and Capital Receipts

Project	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	Budget				Projection	
	£000s	£000s	£000s	£000s	£000s	
Leisure Centre	2,524	2,260				4,784
Friary Grange LC - Refurbishment	158					158
Lichfield Public Conveniences	40					40
Burntwood Public Conveniences	45					45
Conversion of 36A Bore Street	360					360
Zip Wire Burntwood	30					30
Equipment Storage	111					111
Dual Stream Recycling	267					267
Burntwood Play Equipment	75					75
Coach Park	580	43				623
Property Planned Maintenance	206	213	190	190	230	1,029
ICT Investment	418	50	50	175	175	868
Construction Inflation Contingency	100	100	100	100		400
Vehicles (non-contract hire / lease)	239	179	130	150	165	863
Building a Better Council	665					665
Car Parking	366	150				516
Loan to the Company	675					675
Committee Meeting System	85					85
Approved Capital Programme	6,944	2,995	470	615	570	11,594

Capital Receipts - General	(1,577)	(43)	(190)	(50)	(387)	(2,247)
Capital Receipts - Housing	(360)					(360)
Reserves - Unrestricted	(1,668)	(229)	(180)	0	0	(2,077)
Corporate Revenue	(100)	(313)	(100)	(565)	(183)	(1,261)
Sub Total	(3,705)	(585)	(470)	(615)	(570)	(5,945)
Reserves - Restricted	(715)	(150)	0	0	0	(865)
Approved Funding	(4,420)	(735)	(470)	(615)	(570)	(6,810)

Approved Borrowing Need	2,524	2,260	0	0	0	4,784
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Potential Options to Release Reserves

		Lowest	Mid	Highest	Recommended
		£000s	£000s	£000s	£000s
In Scope and Starting Point		(2,100)	(2,100)	(2,100)	(2,100)
Options to increase this level:	Operational Risk				
Release the equipment storage budget of £111k	Low	(111)	(111)	(111)	(111)
Release the uncommitted HLF Budget	Low	0	(4)	(8)	(8)
Release unallocated Risk and Recovery Funding	Low	0	(133)	(266)	(266)
Reduce the coach park budget from £623k	Low	(273)	(273)	(273)	(273)
Sub Total		(384)	(521)	(658)	(658)
Release uncommitted Risk and Recovery Funding	Medium	0	(222)	(443)	(443)
Release uncommitted £1.2m Strategic Priorities Budget	Medium	(200)	(500)	(800)	(500)
Reduce the Business Rates Reserve to 22/23 Safety Net Level of £1.353m	Medium	0	(392)	(392)	(392)
Reduce the loan to the Company of £675k to working capital only	Medium	0	(263)	(525)	(525)
Reduce the CIL Volatility Reserve	Medium	0	(54)	(108)	(108)
Release uncommitted COVID grants	Medium	0	(222)	(443)	(443)
Sub Total		(200)	(1,652)	(2,711)	(2,411)
Reduce the construction inflation budget of £400k	High	0	(200)	(400)	0
Reduce the Property Planned Maintenance Budget of £1.029m	High	0	(250)	(500)	0
Reduce the ICT investment budget of £868k	High	0	(206)	(412)	0
Sub Total		0	(656)	(1,312)	0
Options total		(584)	(2,829)	(4,681)	(3,069)
Total from Reserves Review		(2,684)	(4,929)	(6,781)	(5,169)
Investment Needs/Other Funding Options:					
Less: BRS Enabling Works		2,400	2,000	1,600	2,000
Sale of Venture House		0	(650)	(1,000)	(650)
Total Available for other Strategic Priorities		(284)	(3,579)	(6,181)	(3,819)